

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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S E C R E T

COUNTRY East Germany

REPORT

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SUBJECT Economic Sources of Discontent

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1. It is predicted that East Germany will experience its worst economic crisis during the spring of 1955. Some basic raw materials are in such short supply that a number of important industries are no longer able to produce at capacity; this situation is said to be steadily deteriorating. Supplies of coal are insufficient for homes, and some sections are now without heat. Worst from the psychological viewpoint is the fact that the food supply is very rapidly deteriorating in quantity and quality. It appears possible that several basic foodstuffs, such as flour, sugar, meat, and potatoes, will become scarce for longer and longer periods, and that large sections of the East German population will actually suffer from hunger for some time prior to the next harvest.
2. Meanwhile the East German government is attempting to increase and cheapen production by raising work norms and lowering wages.
3. The combination of these factors has produced a situation like that of the spring of 1953. Thus, it is asserted, the atmosphere for a rising like the disturbances of June 1953 is again being established. The resentment of the public, and particularly of the workers, is gradually but steadily mounting; if this trend continues, the temper by late spring or early summer may be at the point which made the 1953 uprising possible.

1. Comment: An uprising is thought unlikely because the population knows it is futile to rebel unless outside help is available and because there is no central leadership able to provide adequate coordination. However, local strikes may be expected, as well as increasing refusal to cooperate with SED economic decrees and propaganda campaigns.

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